

MEETING SUMMARY REPORT

Hamilton County Business Center
1776 Mentor Ave.
Cincinnati, Ohio 45212

March 29th 2006

Regulatory Enforcement Fairness Hearing

Total Attendance: 29

Congressional Attendance: 01

RegFair Board in Attendance: 02

SBA personnel 03

Agencies attending 07 (EPA; US Customs & Border; OSHA; IRS/TAS;
USDA; DOL/Wages & Hour; DOL/OSBP)

No. of comments 07

Small Business Organizations	Point of Contact	Membership
Hamilton County Business Center	Mary Myers	50
SBA Women's Networking Roundtable	Bonnie Schenck	330
Counselor/Community Outreach Consumer Credit Counseling Service	Mary Hurlburt	1
Cincinnati Business Incubator	Wayne Hicks	42
EMTEC	Jayne Homsher	1,600
Netwalk	Linda Steward	500 WBE's
Manufacturing & Tech SBDC at EMTEC	Michele Candy	75
Benefits Management Consulting LLC	Matthew Skiles	7
Clermont Chamber of Commerce	John Melvin	1,150
Greater Cincinnati African American Chamber	Steve Love	180
Cincinnati USA Chamber	Myrita Craig	5,200
Total Represented:		9,135

Summary:**Testifiers:****1. Julie Calloway – Owner/Operator – EnviroClean Technologies Inc.**

IRS: We were contacted by Betty Swinford, Revenue Officer, from the IRS in regards to our federal employment tax. Here is a brief description of the sequence of events that have transpired over the past 15 months. We met with the Revenue Officer on Jan. 11th 2005. She tried to convince me we did not have a viable business and over the course of the next few months she drained our bank account on 2 separate occasions unbeknown to us which caused payroll to bounce, as well as other checks, including one to the IRS. The Betty Swinford's manager, Mike Cox sent letters to 3 of our clients and the insurance companies informing them of our tax levy. Needless to say our business nearly came to a halt. They tried to put us out of business. After receiving the tax levy notice, one of our clients called and informed us they no longer needed our services due to the "IRS issues" we had. This was a big job that would have paid approximately \$60,000 to \$80,000 that would have paid a large portion toward our taxes. I contacted the IRS advocate office and worked with Trish Dinser. Mike Cox and Betty Swinford told me the banks would give me a loan to pay the taxes and that I should contact them. Finally Betty Swinford told me as long as we stay current, she will leave us alone for a year to see we can get it paid off. Had this been offered to us prior to contacting our clients and insurance companies, the estimated \$100,000 + loss of income would have definitely made a tremendous impact on the growth of our company as well as our debt to the IRS.

2. James Williams – Operator - Williams Engine Design, Inc.

SBA: My Company's testimony submittal is about the HUB ZONE boundary issues in the Evanston community where our company is located. I have had some discussions with the SBA office in Columbus, OH I regards to the current configured boundary. There are approximately 8 to 10 small businesses along the even address side of Dana Avenue. Even address businesses are considered to be outside of the HUB ZONE boundary established by the Federal Government and SBA. We are not certain on how the boundary was originally evaluated and established. The odd side addresses of Dana Avenue are within the HUB ZONE boundary. The odd addresses of Dana Avenue are predominantly residential with a minimal amount of small businesses. Majority of the small businesses along Dana are located on the even address side of the street. This prevents our company and other small businesses on the even address side of Dana Avenue from being eligible for set-aside programs in doing business with potential prime contractors with the Federal Government. This HUB ZONE boundary needs to be reviewed and evaluated again. Changing the HUB ZONE boundary would make small businesses eligible for set aside programs with prime contractors as well as creating new jobs opportunities for qualified residents of the Evanston community. This would provide an overall improvement to the business economy in the Evanston area.

3. Charles Cooley – President – Hydro Mechanics Systems

SBA: I have a business located at 1940 Dana Ave. in Evanston. This business is a neighboring business to Williams Engine Design Inc. Voicing the same concerns as Mr. Williams stated in his testimony above.

4. Matthew Skiles - CPA, CVA – Owner/CFO of Benefits Management Consulting (BMC)

IRS: We, BMC, were a consultant for a handful of clients where we helped install a medical reimbursement plan called the Healthier Plan. All 10 or so of our clients as well as all of the clients of the company who we were a marketing rep for (Paradigm Solutions Group) have been and/or are being audited – the Healthier Plan being the specific target of those audits in all cases. The problem is that the IRS auditor has come in with a very clear mission and pre-conceived understanding that this Plan is illegal. This is clearly not the case for all plans we sold as well as numerous others we have become aware of who followed all of the regulations and substantiation processes according to the laws that existed/exist now. The

scenario is the same in all 10 or so cases we've been involved with: the auditor asks for a list of items; we and the client provide that list of items; the auditor tells us the Plan is not a qualified plan and assessed fines, penalties and taxes due; we provide further evidence/information proving that the Plan is indeed legal and follows all relevant IRS guidance; we request information as to why the IRS is assessing taxes/fines/penalties but get only a response that "the plan is not a qualified plan" with no evidence to support why or what tax Code/Revenue Ruling/etc. the client is in violation of. The only exception to the above scenario has been a couple of cases where the auditor has told us the plan is not qualified because the employees receive cash instead of reimbursement for qualified expenses or lists some other inaccurate reason. In all of these exception scenarios, the reasons listed by the auditor are clearly not accurate and have already been addressed by plan documents and other substantiation materials. We seem to be getting nowhere and are unable to get the auditor to accept that the plan is compliant as operated by this particular client. Complication in this scenario is that it sounds like there were a few clients in the past that operated a plan with similar name that apparently did not comply with applicable code/rulings. Our frustration and our clients' frustration is that the plans we installed were compliant but no amount of supporting documentation and facts seem to sway the auditor's pre-conceived decision that the plan is illegal.

5. Sarah Syers – President – Interfreight Transport Systems

USDA: Claims made against the company by the USDA are in dispute. InterFreight Transport understands the claims, however, they feel the problem was caused by the landlord of the leased facilities.

6. Byron A. Coats – President/CEO – B.A.C. Corporation

SBA: Testifies on the 8A Program. He felt that the program was good, but that it should be expanded to include more opportunities for small business owners like himself.